

OUTLINE FOR BUDGET 100

1. WHAT IS NEEDED BEFORE STARTING

A. items needed

- (1) financial ledger
- (2) treasurer's report for June
- (3) recommendations from staff members about expenses they anticipate

B. a decision to use 4% increase allowed or actual estimates

- (1) 4% or less increase of current levy
- (2) above 4% increase of current levy with fiscal review, approval or cut budget

C. have library board set salaries

- (1) benefits
- (2) social security

2. LIBRARY BUDGET ESTIMATE FORM 1

A. Personal Services

(1) Set salaries

- (a) Professional
- (b) Clerical
- (c) Part time including pages
- (d) Maintenance

(2) Does the proposed budget allow for continuation costs of raises given the previous year

- (a) Cost-of-living adjustments mandated or discretionary step, merit, longevity increases
- (b) New or upgraded positions
- (c) Payment for substitute or emergency staff
- Savings due to expected or estimated staff terminations and replacement: delays, scale change, etc.
- (f) Are pay scales competitive?
- (g) How does the proposed salary budget compare with previous year's figure?
- (g) What proportion of the operating budget does it represent?
- (h) What are the trends?

(3) Personnel-related cost

- (a) Social Security
- (b) Public Employees Retirement Fund
- (c) Deferred Compensation
- (d) Group Insurance
- (e) Vacation, Sick & Other Leave, Paid Holidays
- (f) Unemployment Compensation
- (g) Interviewing Expenses for Employees
- (h) Moving Expenses
- (i) Educational & Professional Development
- (i) Traveling Expenses
- (k) Employee Cost Saving Incentive Program
- (l) Have all legislated increases in benefit percentages been calculated?
- (m) Does the budget take into account estimated costs of changes in insurance and other coverage?
- (n) Have any policy changes affected the library's coverage or costs of coverage?

B. Supplies

(1) Office Supplies

- (a) All articles necessary to properly operate an office, other than equipment
- (b) Does the library consider ongoing supply and maintenance costs when purchasing office equipment?

(2) Operating Supplies

Supplies used in cleaning, fuel, oil, bottled gas, coal, lubricants, etc.

(3) Repair and Maintenance Supplies

- (a) Materials used in repairing buildings, paint, motor vehicle repair supplies, repair parts, plumbing and electrical supplies, etc.

- (4) **Other Supplies**
 - (a) Could include various craft supplies used in children's or adult programming
 - (b) Other items used by the library, which are dispensable and are not office supplies (book jackets, pockets, labels, barcodes, etc.)

C. Other Services and Charges

- (1) **Professional Services**
 - (a) Architectural Services
 - (b) Legal Services
 - (c) Accounting Services
 - (d) Consulting Services, etc.
- (2) **Communication and Transportation**
 - (a) Freight and express (when such expenses cannot be charged as part of the original cost of the commodity such as books)
 - (b) Postage
 - (c) Telephone and telegraph
 - (d) Traveling expenses
 - (e) Professional meetings
- (3) **Printing and Advertising**
 - (a) Advertising and publication of notices in newspapers and periodicals
 - (b) Expenditures for photographing and blue printing and expenditures for printing other than office supplies (posters, brochures, bookmarks, certificates for summer reading)
- (4) **Insurance**
 - (a) How recent are the cost estimates on which insurance coverage is based?
 - (b) Is the insurance coverage adequate?
 - (c) Is your deductible large enough to cut costs, but affordable if something happens and the library has to pay the deductible to get something fixed?
 - (d) Do you have 100% replacement cost?
- (5) **Utility Services**
 - (a) Electric
 - (b) Natural Gas
 - (c) Water/Sewer
- (6) **Repairs and Maintenance**
 - (a) Routine inspections and repairs
 - (1.) Heating and air conditioning
 - (2.) General plant (building)
 - (3.) Lighting
 - (4.) Exterior and grounds
 - (b) Maintenance contracts for building and equipment, including office machines, computers and automation systems
 - (c) Are new purchases covered by warranty, how long?
 - (d) Will any warranties expire during the upcoming year and require partial contracts?
 - (e) Replacement/repair costs not otherwise covered
 - (f) Has the library considered one-time repair costs versus maintenance costs?
 - (d) Does the library consider maintenance costs when purchasing office equipment or computers?
- (7) **Rental**
 - (a) Post office box
 - (b) Postage meter
 - (c) Rental of equipment, including copier and computers
 - (d) Has the library considered renting, leasing, or concessioning items for public use?
 - (e) Who is responsible for maintenance of rented items?

- (8) **Debt Service**
 - (a) Expenditures for the reduction of the principal of the library's general obligation bonds and the interest on such bond, if it is a part of the operating budget (this line is also used when planning a budget for BIRF only. In the case of BIRF only, this is the only line you will use)
- (9) **Lease Rental**
 - (a) Expenditures for the reduction of the principal of the library's leasing corporation bonds and the interest on such bond, if it is a part of the operating budget (this line is also used when planning a budget for leasing corporation only. In the case of leasing corporation only, this is the only line you will use)
- (10) **Other**
 - (a) All memberships in the name of the library in state and national associations of a civic, educational, professional, or governmental nature that have as their purpose the betterment and improvement of library operations
 - (b) Interest on temporary loans
 - (c) Transfer to Library Improvement Reserve Fund (LIRF)
 - (d) Trash collection
 - (e) All other services not included in other classifications (needs to first be approved by library board and State Board of Accounts to make sure this is the appropriate place to put the expense)

D. Capital Outlays

- (1) **Land**
 - (a) All land owned by the library
- (2) **Buildings**
 - (a) All permanent buildings owned by the library
- (3) **Improvements Other Than Buildings**
 - (a) All other improvements to land owned by the library
- (4) **Furniture and Equipment**
 - (a) Consists of machinery, implements, tools, furniture, motor vehicles, typewriters, calculators, copy machines, computers, and other equipment that may be used repeatedly without materials impairment of its physical condition and which have a calculable period of service
 - (b) Does the library have a plan for placement and use of new equipment prior to acquisition?
 - (c) Does a change in any library program, staffing pattern, or materials use require equipment and furniture changes?
 - (d) Has the library considered new or improved equipment to replace obsolete items?
 - (e) Does the budget provide for outright purchase, lease-purchase, or lease options?
- (5) **Other Capital Outlays**
 - (a) Books
 - (1.) Does the materials budget take into account new, replacement and continuation items (standing orders)?
 - (2.) Does the library's materials budget reflect library goals?
 - (3.) What percentage of the overall budget do materials represent?
 - (b) Periodicals and Newspapers
 - (1.) Do you use a periodical service such as EBSCO to subscribe to periodicals?
 - (c) Nonprinted Materials (Microforms, Electronic Data- bases, CD ROMs, Audiovisuals)

This form must be signed by all library board members at the time the budget is presented to the board (before the public hearing).

Other questions that may affect your budget

1. Does the library specify spending by department, format, or specialized category?
2. Is this policy or procedural? Does the budget allow for these requirements?
3. Have new programs or changed demands been taken into account?
4. Has the library changed its budget allocation to allow for different formats?
5. Has the library compared past or expected usage with spending patterns?
6. Have qualified individuals inspected the library building and presented a report on building requirements within the past three years?
7. That provisions has the library made for disposal of unused or damaged furnishings and equipment (can be donated to the Friends of the Library group for sale or auctioned off)?
8. Does the library have a capital improvements schedule?
9. Has the library projected operating expenditures resulting from capital improvements?

3. ESTIMATE OF MISCELLANEOUS REVENUES - FORM 2

A. Special Taxes

- (1) **Intangibles Tax** - Banks and Buildings and Loan
 - (a) July-Dec current year - subtract June's tax draw amount from the total to be received for the current year
 - (b) Jan-Dec of incoming year - Get this figure from your field representative of Department of Local Government Finance or your county auditor (this will be an estimate)
- (2) **License Excise Tax**
 - (a) July-Dec current year - subtract June's tax draw amount from the total to be received for the current year
 - (b) Jan-Dec of incoming year - Get this figure from your field representative of Department of Local Government Finance or your county auditor
- (3) **CAGIT certified shares**
 - (a) July-Dec current year - subtract May's amount from the total to be received for the current year
 - (b) Jan-Dec of incoming year - Get this figure from your field representative of Department of Local Government Finance or your county auditor
- (4) **CAGIT Property Tax Replacement Credit** - taxes collected on county income and divided into two forms of payment to libraries
 - (a) July-Dec current year - subtract May's amount from the total to be received for the current year
 - (b) Jan-Dec - This amount is to be recorded on Form 4B only
- (5) **County Option Income Tax (COIT)** - another county income tax which may be adopted by the county only if it does not have CAGIT or if it rescinds CAGIT (no county can have both)
- (6) **Commercial Vehicle Excise Tax (CVET)**
 - (a) July-Dec current year - subtract June's tax draw amount from the total to be received for the current year
 - (b) Jan-Dec of incoming year - Get this figure from your field representative of Department of Local Government Finance or your county auditor

B. Other Revenue

- (1) **State Distribution** - funds allocated in the state budget for libraries. In the future this fund could be used to fund local reciprocal borrowing agreements.
 - (a) July-Dec current year - show current amount, if it is known by budget time
 - (b) Jan-Dec - assume this to be "0"
- (2) **Fines and Fees**
Estimate based on past years (estimate low)
- (3) **Photocopy Fees**
Estimate based on past years (estimate low)
- (4) **Income from Trusts**
(if part of operating rather than a separate gift fund, endowment, etc.)
It's best to not put this in operating.
- (5) **Interest on Investments**
Estimate based on past years (estimate low)
- (6) **County Contractual Library**
This is the money the library receives from the County Contractual Library budget. (This type of library can no longer be formed. There are only 4 left in the state.)
- (7) **Township Contracts** (List each one)
 - (a) July-Dec - remainder of amount due the library
 - (b) Jan-Dec - based on amount negotiated
- (8) **Gifts and Bequests**
Only listed in operating if it has been designated as such. Usually gifts and bequests are in a dedicated account within the Gift Fund and thus not a part of operating.

- (9) **Operating Grants**
 - (a) July-Dec current year - list any grant funds due to be received by the end of the year that need to go into the operating fund (this does not include any state grants. State grants go into a separate account and is not part of the operating budget. Some federal grants require the library to spend operating funds, then be reimbursed and would go into the operating fund as a reimbursement income.)
 - (b) Jan-Dec - usually an unknown; list the amount and increase the budget Form 1 line items by the same amount, if the amount is known in time to do so
- (10) **Capital Grants**
Not usually a part of operating, unless specified as such
- (11) **Transfer From Operating Fund** (For LIRF Only)
To be used only if a Library Improvement Reserve Fund budget is being prepared
- (12) **Rental of Property**
Use only if applicable
- (13) **Sale of Property**
Use only if applicable

Any other forms of miscellaneous revenue can be added to the "Other Revenue" section of this form.

Total column "A" and transfer this total to Form 4B, line 8 a.

Total column "B" and transfer this total to Form 4B, line 8 b.

**4. BUDGET ESTIMATE - FINANCIAL STATEMENT
PROPOSED TAX RATE FORM 4-B**

A. Funds Required for Expenses to December 31st of Incoming Year

- (1) Total budget estimate for incoming year from Form 1
- (2) Necessary expenditures, July 1 to December 31 of present year, to be made from appropriation unexpended. This is determined by taking the total appropriations spent so far this year and subtracting it from the total appropriation for the year.
- (3) Additional appropriation necessary to be made July 1 to December 31 of present year. To be taken from any additional appropriations approved during the year
- (4) Outstanding temporary loans to be paid not included in lines 2 or 3
- (4b) Outstanding temporary loans to be paid back after the end of the current year.
(These loans must have been made as a transfer from another library account and declared an emergency. Any bank loans or tax anticipation warrants must be listed on line "4", not "4b".)
- (5) Total funds required (add lines 1,2,3, and 4)

B. FUNDS ON HAND AND TO BE RECEIVED FROM SOURCES OTHER THAN PROPOSED TAX LEVY:

- (6) Actual balance, June 30 of present year
Make sure this is the operating balance only, not total all funds
- (7) Taxes to be collected, present year (December Settlement)
Call the county auditor or take the total amount received in the June Tax Draw and subtract it from the total to be received for the year
- (8) Miscellaneous revenue to be received July 1 of present year to December 31 of incoming year
 - (a) Total from column A, Budget Form 2
 - (b) Total from column B, Budget Form 2
- (9) Total Funds (add lines 6,7, 8a, and 8b)
- (10) Net amount to be raised for expenses to December 31st of incoming year (deduct line 9 from line 5)
- (11) Operating balance (not in excess of expense January 1st to June 30, less miscellaneous revenue for same period)
- (12) Amount to be raised by tax levy (add lines 10 and 11)
- (13) Property Tax Replacement Credit from Local Option Tax
Get this figure from the county auditor or Department of Local Government Finance
- (14) NET AMOUNT TO BE RAISED BY TAX LEVY (deduct line 13 from line 12)
- (15) Levy Excess Fund Applied to Current Budget - this is not used unless told to do so by State Board of Tax Commissioners
- (16) Net Amount to be Raised
This amount is sent to the library from Department of Local Government Finance on the form "Maximum Levy Limit Calculation"
*If line 14 is more than line 16, Form 1 needs to be reduced.
*If line 14 is less than line 16, Form 1 needs to be increased or the library can tax at a lesser rate, if no more budget is needed.
- (17) Net Tax Rate on Each One Hundred Dollars of Taxable Property

To figure the rate, the net assessed valuation needs to be divided into line 16 and multiplied by 100 to get the cents/one hundred valuation.

5. NOTICE TO TAXPAYERS OF BUDGET ESTIMATES AND TAX RATES FORM 3

This is the notice of the budget that is given to the newspapers.

The totals for **Library Operating Fund** can be taken from Form 4B for Operating Budget.

Column 1

Fund Name

Column 2

Budget Estimate from Line 1, Form 4B

Column 3

Maximum Estimate of Funds to Be Raised from Form 4B, line 16. (This figure could be higher than the estimated maximum levy limitation given to the library by Department of Local Government Finance and is sometimes recommended due to possible errors in advertising, computations from the county being incorrect, or maximum estimate of levy limitation computed incorrectly.)

Column 4

Excessive Levy Appeals (Libraries only have 3 ways to appeal) *Check with Department of Local Government Finance to see if the library qualifies for Column 4*

- a. Permission to reallocate amount set aside as property tax replacement credit (PTRC)
- b. Permission to increase the levy due to annexation, consolidation or other extensions of governmental service by the library to additional geographic areas (only applies to city libraries and has to be in relationship to the city annexing territory into the city)
- c. Permission to increase the levy due to the average three year growth factor exceeding one and one-tenth (1.1)

Column 5

Actual tax levy from the current year you are in right now. This is listed at the beginning of the "Maximum Levy Limit Calculation" sheet.

The totals for **Library Improvement Reserve Fund** can be taken from Form 4B for LIRF budget.

Column 2

Budget Estimate from Form 4B, Line 1, LIRF Budget forms

Column 3

This column should be "XXX" out, as it is not needed.

Column 4

This column should be "XXX" out, as it is not needed.

Column 5

Actual tax levy from the current year you are in right now.

The totals for **Bond & Interest Redemption Fund** can be taken from Form 4B for BIRF budget.

Column 2

Budget Estimate from Form 4B, Line 1, BIRF Budget forms

Column 3

This figure would be the same as Form 4B, Line 16.

Column 4

This column should be "XXX" out, as it is not needed.

Column 5

Actual tax levy from the current year you are in right now.

The totals for **Library Capital Projects Fund** can be taken from Form 4B for LCPF budget.

Column 2

Budget Estimate from Form 4B, Line 1, LCPF Budget forms

Column 3

This figure would be the same as Form 4B, Line 16.

Column 4

This column should be "XXX" out, as it is not needed.

Column 5

Actual tax levy from the current year you are in right now.

The totals for **Lease Rental Fund** can be taken from Form 4B for Lease Rental budget.

Column 2

Budget Estimate from Form 4B, Line 1, Lease Rental Budget forms

Column 3

This figure would be the same as Form 4B, Line 16.

Column 4

This column should be "XXX" out, as it is not needed.

Column 5

Actual tax levy from the current year you are in right now.

Totals

The total of all figures in Column 3.

Estimated Maximum Levy Limitation for **Operating Fund**.

Property Tax Replacement Credit from Form 4B, line 13 of **Operating Fund**.

This form needs to be signed by the President of Library Board, Secretary of Library Board, and Treasurer of Library Board.

There should be 5 original copies - one for each newspaper, 2 for the county auditor, and one for the library board minute book.

6. RESOLUTION OF APPROPRIATIONS - FORM 4

- A.** The information for this form can be taken directly from Form 1
- B.** This form is to be signed at the time the library board adopts the budget. Two originals need to be taken to the county auditor. The library should keep one original.

7. BUDGET SUBMISSION LETTER AND CERTIFICATE FORM 5

- A.** The amount can be taken from the tax rate, Form 4B, line 17. Enter the amount in dollars (example - \$0.12).
- B.** B. This form must be signed by all library board members present at the time of budget adoption. Two originals need to be taken to the county auditor or and one is to be kept in the library board minute book.
- C.** C. The top portion of Form 5 must also be signed by the President of Library Board, Secretary of Library Board, Treasurer of Library Board.

8. Budget workshop in July or August with Department of Local Government Finance Field Representative.

- A.** The Library needs to bring the following:
 - (1) Ledger & investment record balanced through 06/30/02
 - (2) All DLGF budget forms completed
 - (3) County Auditor's Certificate
 - (4) Amortization schedules if the unit has a debt fund
 - (5) Calculator

9. BUDGET HEARING ITEMS NEEDED

- A.** A copy of all of the budget paperwork in case the field rep. is missing anything